25 Years

THE NOTARY FOUNDATION of BRITISH COLUMBIA

BUILDING BETTER COMMUNITIES, ONE GRANT AT A TIME

# 2012 ANNUAL REPORT

July 1, 2011, to June 30, 2012

## The Notary Foundation *of* British Columbia

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*Moonset at Dawn in Steveston*

BUILDING BETTER COMMUNITIES, ONE GRANT AT A TIME

# Mandate

The Notary Foundation helps the people of British Columbia by providing funding for legal aid, legal research, and public legal education, while supporting the professional development of BC Notaries and Notarial candidates.

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# Report from the Chair, Susan Davis

I would like to thank each of the Governors for their dedication to the Foundation and their thoughtful participation throughout the year.

The past few years have been a challenge for Foundations such as ours that rely on interest earned on funds held in Notaries trust accounts as our main source of revenue. Fortunately, we have reserves that we are now using to fund programs. We have had to make some very difficult decisions about which programs to fund because our resources are so limited. Our aim is to try to spread the funds we are able to distribute in a manner that will provide legal information or education to as many people as possible.

## Grants

To date, the Foundation has granted funding to the following organizations from July 1, 2011, to June 30, 2012.

| RECIPIENT | GRANT | PROJECT |
|---|---|---|
| B.C. Law Institute (UBC) | $20,000 | Common Law Capacity |
| B.C. Law Institute (UBC) | $20,000 | Strata Property Law: Phase 1 |
| YWCA Legal Educator | $25,000 | YWCA Legal Educator |
| The People's Law School | $40,000 | Plain Language PLEI Resources |
| Land Trust Alliance | $14,500 | Revision of "Greening Your Title" |
| Maple Ridge Pitt Meadows Community | $15,000 | Legal Advocacy & Educational Information |
| Access Pro Bono Society of B.C. | $25,000 | Wills Clinic |

## Investment Portfolio Review

**Portfolio Activity**
**(July 1, 2011, to June 30, 2012)**

| | |
|---|---|
| Beginning portfolio value | $2,142,119.00 |
| Additions, withdrawals, expenses | -151,142.75 |
| Gains & Losses | 54,089.90 |
| Interest, dividends, fees | 78,265.95 |
| Net gains & losses | 132,355.84 |
| Ending market value | $2,123,332.11 |

In October 2012, appointments of members of The Society Board of Directors to the Foundation expire so there will be a new round of nominations and votes for the Board of Governors of the Foundation from among The Society Board of Directors.

In addition, I thank our Executive Officer Wayne Braid and his staff for their continued support and dedication.

The Notary Foundation of British Columbia celebrated its 25th Anniversary on October 20, 2011. The event was well attended including past Notary Foundation Governors, grantees, and bank associates. It commemorated the Foundation's achievements over the years and promoted awareness to other organizations in the industry.

Respectfully submitted,

Susan Davis

# The Board of Governors of the Notary Foundation of BC

*Susan Davis*

*Ken Sherk*

*John Eastwood*

*Akash Sablok*

The Board of Governors of the Notary Foundation of BC is comprised of

- 8 members of the Board of Directors of The Society of Notaries Public of BC;
- 1 representative from the Attorney General's office in Victoria;
- 2 Directors-at-Large, appointed by the Attorney General; and
- the Executive Officer.

The members from The Society are elected by the Directors of The Society from among their ranks, for a 3-year period.

## The Current Governors

| | |
|---|---|
| **Susan Davis, Chair** | **Dalminder (Del) Virk** |
| **Ken Sherk** | **David Moore** |
| **John Eastwood** | **Leta Best** |
| **Akash Sablok** | **Lisa Nakamura** |

*Wayne Braid*

**G. W. (Wayne) Braid**, Executive Officer of the Notary Foundation, is responsible for the administration of the office and staff, and the diverse investment funds of the Foundation.

The Board of Governors meets quarterly to consider applications for funding from various organizations and to set policy, review the Foundation's financial status, and provide direction for the administration of the Foundation.

The Governors of the Foundation have the responsibility of guiding the Foundation in its mandate to disperse the funds generated by interest on BC Notaries' Trust Accounts.

*Dalminder Virk*

*David Moore*

*Leta Best*

*Lisa Nakamura*

## The Notary Foundation funds are used for the following purposes.

1. Legal education
2. Legal research
3. Legal aid
4. Education and Continuing Education for BC Notaries and applicants who have enrolled to become BC Notaries
5. Establishment, operation, and maintainance of law libraries in BC
6. Contributions to the Special Fund established under the *Notaries Act* of BC

# Board Appointment

Attorney General Barry Penner has appointed Lisa Nakamura as the BC Government's representative to the Board of the BC Notary Foundation.

Notary Foundation Chair Susan Davis says, "We are pleased to welcome Lisa to be part of the great work we do."

Lisa is a Senior Policy Analyst in the Justice Services Branch of the Ministry of Attorney General. Her portfolio embraces Public Legal Education and Information (PLEI) and administrative justice transformation.

She has regular contact with the Law Foundation, Courthouse Libraries BC, Justice Education Society, Legal Services Society, People's Law School, and PovNet.

Lisa's work with Justice Services Branch has included opportunities to contribute to the development of justice transformation initiatives such as Justice Access Centres, branch level corporate support, and legal aid policy.

She completed a Master's degree in Public Administration, a Bachelor of Law, and a Bachelor of Arts and is currently in the Conflict Resolution program at the Justice Institute of BC.

Born in Regina, Lisa has lived most of her life in Victoria where she currently resides with her spouse and young son.

Having lived and travelled in both Europe and Asia, she has a deep appreciation of all that we enjoy as Canadians and especially as British Columbians. Lisa is looking forward to learning more about BC Notaries and the exciting work of the Notary Foundation. ▲

# The History of the Notary Foundation of British Columbia

The early development of the Notary Foundation can best be described as the juxtaposition of the needs of the Provincial Government and the needs of The Society of Notaries Public of British Columbia.

In the early 1980s, The Society recognized its education program was ready for revamping and the Board saw the urgent need to increase the amount of money held in the Special Fund—the account required by the *Notaries Act* to protect the public and the clients' money held in trust.

*Stan Nicol*

The Board had a valid concern that the members' ability to help increase the size of the Special Fund was severely limited due to the poor economic climate after the real estate market crash in 1981. Notaries and lawyers were reeling under the burden of increased Errors and Omissions Insurance costs and the BC Government was struggling with difficult budget constraints, all caused by the crash.

People in our profession and in pretty much any business in the quiet days of the early '80s won't be surprised to hear I was sitting at my desk, reading the newspaper—there was little else to do!—when an article about Legal Aid funding caught my eye. The newly minted Attorney General Brian Smith who had been appointed in May 1983 was quoted as being very concerned that the government would have to seek out new ways to fund Legal Aid.

As luck would have it, Society Secretary Dr. Bernard Hoeter's efficient staff of one at The Society's head office had issued me—the new President elected in Dawson Creek in September 1983—my own personal Society of Notaries letterhead. That same day, my letter was on its way to the Attorney General, saying, in essence, "We're ready to help!" The rest is history.

A Board Committee subsequently worked up a proposal to amend the *Notaries Act* to create the Notary Foundation. The submission proposed a rather unique set of clauses that would see our Society grow its education program, expand the Special Fund, and generally help in dramatic ways that would have been otherwise impossible for our small profession to accomplish.

## Important Contributors

The majority of the money earned is paid to Legal Aid; the remaining money has been incredibly helpful in keeping this organization vibrant and allowing BC Notaries to help fund much needed "good works" in our communities!

The Winter 2011 issue of *The Scrivener* magazine (www.notaries.bc.ca/scrivener) reported that more than $40,000,000 has been earned over the past 25 years. Of that amount, $22,000,000—55 percent—has gone to the Legal Services Society (LSS) to assist in the provision of legal aid in BC.

So many people have the right to feel proud for reaching that milestone!

Recently retired, Bob Adamson, formerly of the Office of the Attorney General, played a pivotal role in the formation of the Notary Foundation.

Bob and I sat through many meetings in the mid-'80s to determine the wording of the Bill required to amend the *Notaries Act* passed into law in 1986 to create the Notary Foundation. Bob sat on the Board of the Foundation as the representative of many Attorneys General. Through the good times, the tough years, and the tough decisions, Bob could always be counted on to provide wise counsel!

Several financial institutions cooperated from the very beginning in re-setting the systems that were in place for the Law Foundation, to ensure that money due the Notary Foundation found its way to us quickly and efficiently.

Soon, every financial institution was on-side. It is important to recognize that our financial institutions are partners with the Notary Foundation; they are entitled to feel pride in the good works achieved by the many organizations and individuals that receive funds through this process.

## The Work of the Notary Foundation and Others

We began working on changes to the Adult Guardianship laws in the mid-'80s. This work is ongoing; the people involved at the beginning still have tremendous passion for the goal of allowing adults to properly plan for their care

- as they age, or
- as they lose the ability to care for themselves due to the progression of an illness, physical disability, or unexpected disease or accident.

The Representation Agreement Resource Centre, BC Coalition of People with Disabilities, North Shore Community Resources Society, and other organizations and recipients have done excellent work and continue to receive recognition and Grants from the Notary Foundation.

Just 25 years ago, The Society of Notaries assumed responsibility for administering the Notary Foundation business. We knew it would be a lot of work and did not know what would lie ahead.

Wayne Braid, the Board, and all the staff over the years are entitled to sincere pats on the back for a job very well done. ▲

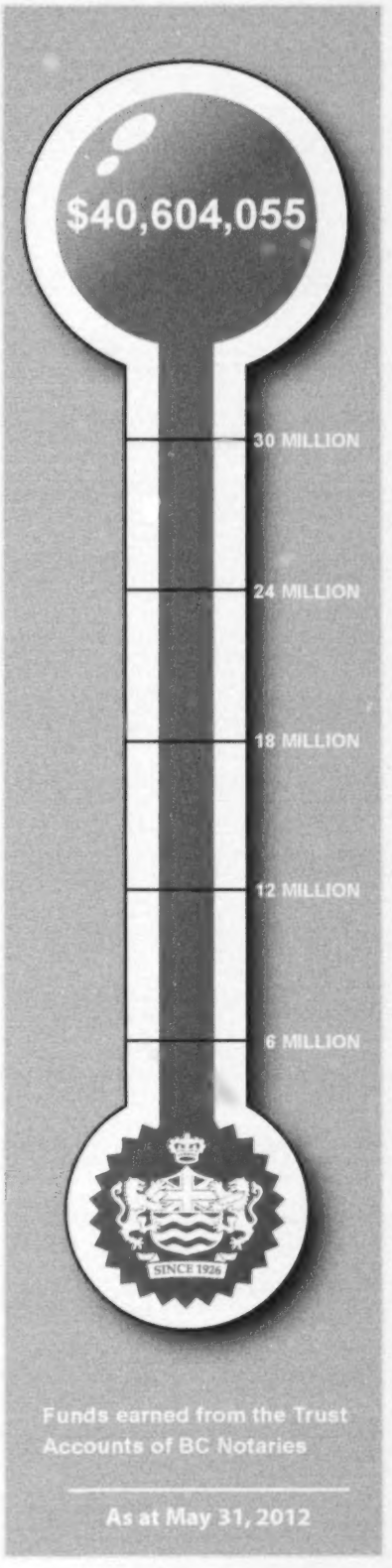
**Stan Nicol** was Secretary of The Society from 1986 to 2000.

# Notary Foundation Grants

*July 1, 2011, to June 30, 2012*

| RECIPIENT | GRANT |
|---|---|
| B.C. Law Institute (UBC) | $20,000 |
| B.C. Law Institute (UBC) | $20,000 |
| YWCA Legal Educator | $25,000 |
| The People's Law School | $40,000 |
| Land Trust Alliance | $14,500 |
| Maple Ridge Pitt Meadows Community | $15,000 |
| Access Pro Bono Society of B.C. | $25,000 |

In addition, the Legal Services Society of British Columbia received **$528,321**.



# WOW!
# What an Achievement!
# 25 Years and 40 Million Dollars!

*Vanessa Noga*

When you open the doors to the Terminal City Club, you know you're in a special place.

As stated on its Website, "the Club has always played an important role in the city's life, and its members have made and continue to make significant contributions to the business activity of the City of Vancouver and the Province of British Columbia."

Much like the Notary Foundation of BC.

When Stan shared the story of "the early days," we could visualize him, sitting alone in his office in 1986, searching for just the right words...to set forth the idea of a Notary Foundation.

When I walked into the BC Notaries' event at the Terminal City Club on October 20, 2011, I felt I was joining a family. Our name badges bore the names of many organizations, yet we were all there for the same reason.

Wayne Braid, Executive Officer of the Notary Foundation, was an exceptional emcee/master of ceremonies; he added just the right element of formality to a crowd eager to mingle.

In their words to us, Wayne; Stan Nicol, Secretary of The Society from 1986 to 2000 and the first Executive Officer of the Notary Foundation; and Susan Davis, Chair of the Board of Governors of the Notary Foundation, provided warm glimpses into the history and the dedicated individuals that have shaped the organization.

*From left: Susan Davis; Wayne Robertson; Lisa Nakamura, Attorney General-appointed member of the Board of Governors of the Notary Foundation of BC; Wayne Braid; and Stan Nicol*

Congratulations to the Notary Foundation for 25 years of helping the citizens of BC through legal aid support, scholarships, grants, and education. BC is a better place because of you.

When Stan shared the story of "the early days," we could visualize him, sitting alone in his office in 1986, searching for just the right words for his letter to the Attorney General of BC to set forth the idea of a Notary Foundation. It began with a shared idea from the Law Foundation. It is clear that this sharing continues to be strong today under the leadership of Wayne Braid and Wayne Robertson, Executive Director of the Law Foundation.

Wayne Braid was delighted to announce that the Notary Foundation has raised more than $40 million over the past 25 years. That was a moment to pause and celebrate the immense value created by pooling together assets that, individually, were not valued.

It was exciting to see the tremendous reach of this Foundation. As I toured the room, I was welcomed by each new group I joined. Interested to learn of the many connections among the invitees, I listened to stories from the Governors of the Foundation, BC Notaries, people from several real-estate-based organizations, and representatives from the Legal Services Society that has received the bulk of the $40 million.

These individuals also attended the event.

- **Former Foundation Chairs Brent Atkinson, Ernie Janzen** and his wife **Agnes, George Tanco** and his partner **Eileen Smith, Leta Best,** and **Ken Sherk**
- **Past Notary Foundation Governor Robert Adamson** and his wife **Mary**
- **Current Notary Foundation Governors John Eastwood** and his wife **Bryanne, David Moore, Lisa Nakamura, Akash Sablok** and his wife **Raj,** and **Del Virk**
- **Directors of The Society of Notaries Filip de Sagher** and his wife **Hilde, Trish Fedewich, Joan Letendre, Kate Manvell, Susan Tong** and her husband **Charles Mow,** and **David Watts**
- **Terresa Augustine**, Executive Director, the People's Law School
- **Kari Boyle**, Executive Director, Mediate BC Society
- **Harold Clark**, Director of Strategic Planning Policy and HR, Legal Services Society
- **Rick Craig**, Executive Director, Law Courts Education Society
- **Jane Dyson**, Executive Director, BC Coalition of People with Disabilities
- **Jim Emmerton**, Executive Director, BC Law Institute
- **Patricia Fulton**, Director, NIDUS Personal Planning Resource Centre
- **Christine Gordon**, President, NIDUS Personal Planning Resource Centre
- **Dave Hayer**, Member of Legislative Assembly for Surrey Tynehead, BC
- **Sasha Krasnov,** Commercial Account Manager, RBC
- **Robert Laing**, Chief Executive Officer, BC Real Estate Association
- **Don Mayers**, Financial Consultant to the Notary Foundation of BC
- **Rob McConnachie**, Chief Investment Officer, Dixon Mitchell Investment, and his wife **Leanne**
- **Todd McKendrick**, Legal Counsel for The Society of Notaries Public of BC
- **Jamie McLaren**, Executive Director, Access ProBono
- **Rob Mitchell**, President, Dixon Mitchell Investment, and his wife **Debra**
- **Margaret Sasges**, Chair, The Law Foundation of BC

- **Todd Shewfelt**, Vice President, Commercial Banking, Royal Bank
- **Eileen Smith**, Chair, Real Estate Foundation of BC
- **Brenda Southam**, Executive Director, Real Estate Institute of BC
- **Tania St. John Muirhead**, Faculty of Law, Simon Fraser University
- **Ron Usher**, General Counsel, The Society of Notaries Public of BC
- **Rick Valouche**, President, BC Real Estate Association, and his wife **Wanda**
- **Vanessa Wellington-Clark**, Donor Relations Manager, YWCA Vancouver

As a member of RBC, I felt very proud to be part of this family, to be celebrating this anniversary, and to be an integral part of this success. Life's richness comes from those we meet along the journey; the richness was certainly alive on that evening.

When Stan Nicol was creating this system of pooling the interest earned on BC Notaries' trust accounts, he envisioned a model where $1 million per year could be raised.

After 25 years in business, the results are 60% above projections! That's a record any company would be proud of!

Congratulations to the Notary Foundation for 25 years of helping the citizens of BC through legal aid support, scholarships, grants, and education. BC is a better place because of you. ▲

**Vanessa Noga** is the Senior Account Manager, Commercial Financial Services, RBC.

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# Mediate BC Society: Prevent, Manage, and Resolve Disputes with Practical, Accessible, and Affordable Choices

*Kari Boyle*

On April 1, 2010, two key mediation organizations in British Columbia joined forces.

The B.C. Mediator Roster Society and the D.R. Innovation Society (formerly the BC Dispute Resolution Practicum Society) merged to form Mediate BC Society. Now in operation for 18 months, it is quickly evolving into a leader in the mediation field. We are committed to continuing to work to improve access to justice and effective conflict resolution for BC citizens.

In addition to its new name, Mediate BC developed an ambitious vision, mission, and strategic plan and launched a new Website. (www.mediatebc.com)

The Website

- helps people find a qualified roster mediator (civil, family, or child protection),
- describes the Mediate BC's Society's many programs and special projects, and
- provides helpful resources about mediation.

Soon, mediators on the rosters will have access to a special "members only" page that will provide discussion forums and access to documents, forms, and other tools that will help provide an online community of practice.

## What Does Mediate BC Do?

Mediate BC has expertise and experience in a wide variety of dispute resolution tools and processes and we specialize in mediation. Currently, our primary activities include the following.

1. We promote mediation and provide mediation services to the public.
2. We administer the Court Mediation Program (CMP) in five registries of the Provincial Court of BC. Many small claims litigants are able to settle their disputes with the assistance of a skilled mediator during a free, 2-hour mediation session.
3. We offer a small-claims mediation practicum in connection with the CMP. The practicum provides opportunities to develop skills in mediation, communication, and facilitation by co-mediating real small-claims-court disputes with an experienced mediator/mentor. A number of BC Notaries have completed the practicum; some have become Small Claims Mediators and Mentors in the program.
4. Our Child Protection Mediation Practicum Program has successfully completed its mandate to increase the number of mediators on the Child Protection Roster who are Aboriginal or from nonurban areas.

5. We offer mediators a variety of educational and professional development opportunities.

6. We are currently developing a new program to link family mediators with skilled mentors in their region to provide the mediator with experience and to assist families to resolve disputes arising out of separation and divorce through a co-mediation model.

7. We are bringing our various family mediation initiatives together under one umbrella to ensure families receive the best available referral to meet their needs.

8. We administer rosters of civil and family mediators and provide assistance to those who are seeking the services of a mediator.

9. We work with the Ministry of Attorney General's Child Protection Mediation Program to manage the information about the mediators on its Child Protection Roster.

10. We offer a complaint process regarding mediators on our rosters.

11. We participated in the development of the Vancouver Justice Access Centre (VJAC) and helped establish a vital link between the VJAC and the Notary community in British Columbia. Our Mediation Advisor in the VJAC offers clients information and referrals to mediators for both civil and family matters. The Notary Foundation of British Columbia provided a much-appreciated grant for equipment and promotional material to assist Mediate BC and other outside agencies to collaborate in the VJAC.

12. We provide dispute resolution design services. For example, in collaboration with the Office of the Police Complaints Commissioner, we helped design, and we now administer, the mediation referral process for police complaints. We also offer conflict resolution training for professional standards staff and other police agency staff.

13. We contribute to the dialogue on justice reform and innovation in the province.

**Another important goal of the project is to make family mediation affordable and available to all British Columbians, regardless of their location or income.**

14. With project funding from the Law Foundation of BC, we are
    a. sponsoring a project that is exploring the implications of recent changes to the *Canadian Human Rights Act* and, in particular, working with a local First Nations community to assist it in designing a community-based dispute-resolution system;
    b. conducting a pilot project to test the viability of using evaluative mediation in the context of disputes involving the eligibility of adult children to receive child support; and
    c. conducting the "Distance Family Mediation Project," the third phase of a larger technology-assisted family mediation initiative launched by Mediate BC in 2007. The project is aimed at helping families experiencing separation or divorce who find it difficult to talk to each other in person because of physical distance or other factors.

### A Focus on Distance Mediation

We believe the Distance Family Mediation Project provides BC Notaries and others in British Columbia with an innovative and credible place to which they can refer clients with issues arising from separation and divorce.

A key goal of the project is to "take the next step" in learning more about technology-assisted family mediation, including how safety screening and management of emotional dynamics can best be done when the mediator and clients are not in the same room.

The project involves a small group of specially trained and experienced family mediators conducting mediations using common information and communication technologies. The mediator meets with the parties "from a distance" using the technology that best suits the clients' circumstances and preferences.

The project is particularly interested in testing the use of computer-based videoconferencing because, at this point in the evolution of technology, it appears to provide mediators with the most useful and familiar tools. The choice of technology is, however, ultimately up to the clients.

If they prefer, the mediator meets with them using the telephone or other communication tool, such as email or a dedicated online mediation platform. All the mediations are conducted without the clients and mediator ever having to meet in person or even leave their homes.

Another important goal of the project is to make family mediation affordable and available to all British Columbians, regardless of their location or income. The service is available in all parts of the province, as well as for people who live elsewhere but are undergoing separation or divorce in British Columbia. Private mediators participating in the project are available to handle the entire range of family issues.

The cost for their services is determined using a sliding scale rate based on the clients' income and household size. The Family Justice Services Division of the Ministry of Attorney General of British Columbia is also participating in the project, making the distance mediation services of three Family Justice Counsellors available. In keeping with their usual policy, the Family Justice Counsellors are available to assist eligible families with child-related issues, at no charge.

The evaluation of the second phase of the project drew several conclusions, among them that family mediations can be conducted appropriately, safely, and effectively using technology, and that there is a demand for technology-assisted family mediation in the province's outlying areas. It also found that for many families, distance mediation may be preferred over traditional face-to-face mediation, particularly in emotionally charged situations.

### What Does This Mean for BC Families?

There is no doubt that citizens are increasingly turning to the Internet and using technology to find information and to seek solutions to their problems. The legal services industry is already being challenged by new products such as Legal Zoom, which offers legal information and support services—including document preparation—completely online.

Families will also be seeking more convenient and affordable ways to obtain services around separation and divorce.

Mediate BC believes this project will be enormously helpful in developing useful tools for family mediation, as well as for mediation in other areas and for other types of service provision.

If you'd like to know more about the Distance Family Mediation Project, you can find additional details under "Family Mediation Services" on Mediate BC Society's Website: www.mediatebc.com.

For a more personal perspective on the project and on distance family mediation, you can follow the Project Coordinator's blog at www.distancemediation.ca.

Please consider referring your clients to us if you think they may be assisted by this project.

Mediation.Advisor@mediatebc.com

Toll-free from Canada and the US: 1-855-660-8406

From Vancouver: 604 660-8406

Mediate BC enjoys being involved in innovative initiatives to improve British Columbians' access to justice and to help them find solutions for their problems. We believe in the power of collaborative decision-making, including mediation, as one part of an effective justice system and will continue to work toward that goal. ▲

**Kari D. Boyle**, Executive Director of Mediate BC Society, enjoys using her legal, mediation, and management experience to assist the Society to work collaboratively to improve BC citizens' access to viable and affordable dispute resolution options.

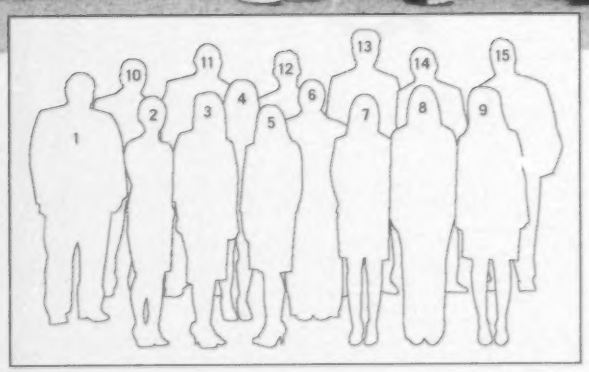
Voice: 604 838-2149
kari.boyle@mediatebc.com

# The Class of 2012

*Your reputation is now in your hands.*

MR. JUSTICE AFFLECK

www.wildmanphotography.com




1. Wayne Braid
2. Wendy Tang
3. Cassandra Coolin
4. Odina Skovgaard
5. Caroline Sussey
6. Susan Bell
7. Farinaz Kovacevic
8. Amy Badesha
9. Monica Narang
10. Harinder Singh Dail
11. Daryl Robbins
12. Len Atwood
13. Jacek (Jay) Januszewski
14. Nick Eskin
15. Todd McKendrick

## Notary Foundation of British Columbia

Financial Statements

For the year ended June 30, 2012

# Notary Foundation of British Columbia
## Financial Statements
## For the year ended June 30, 2012

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# Independent Auditors' Report

**To the Members of the**
**Notary Foundation of British Columbia**

We have audited the accompanying financial statements of the Notary Foundation of British Columbia which comprise the Statement of Financial Position as at June 30, 2012 and the Statement of Operations, Changes in Net Assets and Cash Flows for the year then ended, and summary of significant accounting policies and other explanatory information.

**Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian generally accepted accounting principles, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

**Auditors' Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**Opinion**

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Notary Foundation of British Columbia as at June 30, 2012, and the results of its operations and its cash flows for the year ended are prepared, in all material respects, in accordance with Canadian generally accepted accounting principles.

BDO Canada LLP

Chartered Accountants

Vancouver, British Columbia
August 22, 2012

BDO Canada LLP, a Canadian limited liability partnership, is a member of BDO International Limited, a UK company limited by guarantee, and forms part of the international BDO network of independent member firms.

## Notary Foundation of British Columbia
### Statement of Financial Position

| June 30 | General Fund | Education and Administrative Fund | Grants Fund | 2012 | 2011 |
|---|---|---|---|---|---|
| **Current Assets** | | | | | |
| Cash (Note 2) | $ 502,179 | $ - | $ - | $ 502,179 | $ 317,960 |
| Accrued interest receivable | 86,706 | - | - | 86,706 | 131,481 |
| Short term investments (Note 3) | 446,391 | - | - | 446,391 | 485,632 |
| | 1,035,276 | - | - | 1,035,276 | 935,073 |
| **Investments** (Note 4) | 1,668,208 | - | - | 1,668,208 | 1,648,035 |
| | $ 2,703,484 | $ - | $ - | $ 2,703,484 | $ 2,583,108 |
| **Current Liabilities** | | | | | |
| Accounts payable and accrued liabilities (Note 5) | $ 528,352 | $ 336,145 | $ 5,000 | $ 869,497 | $ 720,351 |
| Interfund balances | 2,175,132 | (1,605,566) | (569,566) | - | - |
| | 2,703,484 | (1,269,421) | (564,566) | 869,497 | 720,351 |
| **Net Assets** | - | 1,269,421 | 564,566 | 1,833,987 | 1,862,757 |
| | $ 2,703,484 | $ - | $ - | $ 2,703,484 | $ 2,583,108 |

Approved by The Board of Governors:

_____ Governor

_____ Governor

The accompanying summary of significant accounting policies and notes form an integral part of these financial statements.

## Notary Foundation of British Columbia
### Statement of Operations and Changes in Net Assets

| For the year ended June 30 | General Fund | Education and Administrative Fund | Grants Fund | 2012 | 2011 |
|---|---|---|---|---|---|
| **Revenue** (Note 6) | | | | | |
| Interest earned on members' trust accounts | $ 862,708 | $ - | $ - | $ 862,708 | $ 832,842 |
| Investment income | 132,598 | - | - | 132,598 | 156,355 |
| | 995,306 | - | - | 995,306 | 989,197 |
| **Expenses** | | | | | |
| Education and Administrative Fund (Note 7) | - | 336,224 | - | 336,224 | 328,804 |
| Grants Fund | - | - | 159,500 | 159,500 | 202,000 |
| Legal Services Society of British Columbia | 528,352 | - | - | 528,352 | 516,691 |
| | 528,352 | 336,224 | 159,500 | 1,024,076 | 1,047,495 |
| **Excess of revenue over expenses (expenses over revenue)** | 466,954 | (336,224) | (159,500) | (28,770) | (58,298) |
| **Net assets**, beginning of the year | - | 1,234,755 | 628,002 | 1,862,757 | 1,921,055 |
| | 466,954 | 898,531 | 468,502 | 1,833,987 | 1,862,757 |
| **Transfer (to) from Education and Administrative Fund** | (370,890) | 370,890 | - | - | - |
| **Transfer (to) from Grants Fund** | (96,064) | - | 96,064 | - | - |
| **Net assets**, end of year | $ - | $ 1,269,421 | $ 564,566 | $ 1,833,987 | $ 1,862,757 |

The accompanying summary of significant accounting policies and notes form an integral part of these financial statements.

## Notary Foundation of British Columbia
### Statement of Cash Flows

| For the year ended June 30, | 2012 | 2011 |
|---|---|---|
| **Cash provided by (used in)** | | |
| **Operating activities** | | |
| Excess of expenses over revenue | $ (28,770) | $ (58,298) |
| Item not involving cash | | |
| Unrealized gains on investments | (34,667) | (49,758) |
| | (63,437) | (108,056) |
| Changes in non-cash working capital balances | | |
| Accrued interest receivable | 44,775 | 45,518 |
| Accounts payable and accrued liabilities | 149,146 | (49,445) |
| | 130,484 | (111,983) |
| **Investing activity** | | |
| Proceeds of investments, net | 53,735 | 151,564 |
| **Increase in cash during the year** | 184,219 | 39,581 |
| **Cash**, beginning of year | 317,960 | 278,379 |
| **Cash**, end of year | $ 502,179 | $ 317,960 |

The accompanying summary of significant accounting policies and notes are an integral part of these financial statements

5

June 30, 2012

**Financial Instruments**

Financial assets and financial liabilities are initially recognized at fair value and are subsequently accounted for based on their classification. The classification depends on the purpose for which the financial instruments were acquired and their characteristics. Financial assets classified as held-for-trading are recorded at fair value. Except in very limited circumstances, the classification is not changed subsequent to initial recognition. The fair value of a financial instrument on initial recognition is the transaction price, which is the fair value of the consideration given or received. Subsequent to initial recognition, fair value is determined by using valuation techniques which refer observable market data. Transaction costs related to instruments classifies as held-for-trading are expensed as incurred. All transactions related to financial instruments are recorded on a settlement date basis.

The Foundation classified its cash, short-term investments and investments as held-for-trading. As a result, they are carried on the Statement of Financial Position at fair value with changes in fair value recognized in the Statement of Operations.

Financial instruments other than cash, short-term investments and investments are recorded at cost. The fair value of other financial instruments are considered to approximate their carrying value due to their short term nature.

**Revenue Recognition**

The interest earned on members' trust accounts is calculated net of bank changes and remitted to the Foundation based upon agreements made with individual financial institutions. The trust accounts are not the property of nor are they administered by the Foundation. The interest earned on members' trust accounts held in financial institutions is recognized by the Foundation on an accrual basis when collection is reasonably estimated and assured.

Investment income includes gains and losses on sale of investments, interest and dividend income and gains or losses resulting from changes in the fair market value of investments. Interest and dividend income is recognized when earned and is allocated on a predetermined basis amongst the funds.

**Grants**

Grants are recorded in the Foundation's accounts in the year of authorization.

June 30, 2012

**Use of Estimates**

The preparation of financial statements in accordance with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from management's best estimates as additional information becomes available in the future. Significant estimates made by management include, but are not limited to, completeness of accrued interest receivables and accounts payable and accrued liabilities.

**New Accounting Pronouncements**

The Accounting Standards Board has issued the accounting and financial reporting requirements for NPOs in Part III of the CICA Handbook. The standards to be followed are essentially the relevant standards from Part II for private enterprises plus NPO only standards in Part III including the current Section 4400 series of standards with minor modifications. The CICA has stated that any NPO could elect to follow IFRS if they should so desire. The date of transition for the organization is July 1, 2012 and the impact of the transition on the financial statements is currently being evaluated.

June 30, 2012

## 1. Organization and Income Tax Status

The Notary Foundation of British Columbia (the "Foundation") was established in 1986 under Section 50 of the Notaries Act. The Foundation is a not-for-profit organization, which receives funding from interest earned on the pooled trust funds of the notaries.

The Foundation is to establish and maintain funds to be used for the purpose of:

- legal education, legal research and legal aid,
- salary, administration, education and continuing education for notaries and applicants for enrolment as notaries,
- establishing, operating and maintaining law libraries in the Province of British Columbia

These financial statements have been prepared on the restricted fund method of accounting for not-for-profit organizations. The Foundation is a tax exempt body under Section 149 of the Income Tax Act.

## 2. Cash

The Foundation's cash is held in various Canadian chartered banks. The accounts earn interest at prevailing market rates.

## 3. Short-term Investments

Investments are comprised of:

| | 2012 Market Value | 2011 Market Value |
|---|---|---|
| Foreign equities | $ 104,151 | $ 81,641 |
| Canadian equities | 306,753 | 322,481 |
| Cash | 35,487 | 81,510 |
| | $ 446,391 | $ 485,632 |

The Foundation's investments are held through one Canadian investment management company.

Equities are classified as short-term investments as they are revolving equities.

## 4. Investments

| | 2012 Market Value | 2011 Market Value |
|---|---|---|
| Corporate bonds | $ 725,295 | $ 723,921 |
| Government bonds | 942,913 | 924,114 |
| | $ 1,668,208 | $ 1,648,035 |

The corporate bonds bear interest from 5.000% to 5.675% (2011 - 5.000% to 5.675%) per annum and mature between September 26, 2012 and May 7, 2015. The government bonds bear interest from 2.000% to 5.500% (2011 - 2.000% to 5.500%) per annum and mature between December 1, 2014 and December 1, 2036.

## 5. Accounts Payable and Accrued Liabilities

Accounts payable and accrued liabilities pertain to the allocation of revenue from the General Fund less payments and are comprised of the following:

| | 2012 | 2011 |
|---|---|---|
| Legal Services Society of British Columbia | | |
| Balance, beginning of period | $ 516,691 | $ 513,474 |
| Earned revenue from General Fund | 528,352 | 516,691 |
| Payments to Legal Services Society of British Columbia | (516,691) | (513,474) |
| | 528,352 | 516,691 |
| Education, administrative and grant payables | 341,145 | 203,660 |
| Balance, end of the year | $ 869,497 | $ 720,351 |

Included in the current education, administrative and grant payables is $336,105 (2011 - $178,660) due to the Society of Notaries Public of British Columbia (Note 7).

## 6. Allocation of Revenue

Realized revenue earned by the Foundation is to be disbursed as follows:

a) 55% to be paid to the Legal Services Society of British Columbia.

b) 10% to be used for legal education, legal research and the establishing, operating and maintaining of law libraries in the Province of British Columbia (the "Grants Fund"). Grant Funds are recognized as payable once approved by the Board of Governors.

c) 35% to be used for salary, administrative, education and continuing education of notaries and notarial applicants (the "Education and Administrative Fund"). The Foundation provides an annual grant to the Society of Notaries Public of British Columbia (the "Society") to fund Education and Continuing Education initiatives which are carried out by the Society on behalf of the Foundation in order for the Foundation to meets its obligation pursuant to its articles of incorporation under the Notaries Act. The Foundation may maintain a reserve fund composed of up to three years of contributions to the Education and Administrative Fund (the "Foundation Reserve Fund").

## 7. Related Party Transactions

During the year, the Foundation had paid grants in the amount of $336,224 (2011 - $328,804) to the Society which was used by the Society to fund Education and Continuing Education initiatives as described in Note 6(c) which includes salary, administrative, education and continuing education of notaries and notarial applicants and in accordance with the Governance Agreement and the Notaries Act of British Columbia. The transactions are in the normal course of operations and are measured at their carrying amount.

## 8. Financial Instruments Risks

The Foundation, through its financial assets and liabilities, is exposed to various risks. The Foundation has in place an investment policy for the purpose of reducing these risks through prudent management of the portfolio. The following analysis provides a measurement of those risks at June 30, 2012.

(a) Credit and Market Risk

Credit risk is the risk that The Foundation will incur a loss due to the failure by its debtors to meet their contractual obligations. Financial instruments that potentially subject the Foundation to significant concentrations of credit risk consist primarily of cash, short-term investments, investments and accrued interest receivable. Market risk is the risk that the value of an investment will fluctuate as a result of changes in market prices, whether those changes are caused by factors specific to the individual investment or factors affecting all securities traded in the market. The Foundation limits its exposure to credit risk by placing its cash, short-term investments and investments with high credit quality governments, financial institutions, corporations and Canadian and foreign equities in accordance with investment policies adopted by the Foundation. Risk and volatility of investment returns are mitigated through the diversification of investments in different geographic regions and different investment vehicles.

**8. Financial Instruments Risks - Continued**

(b) Foreign Exchange Risk

Foreign exchange risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Foundation has limited exposure to foreign exchange risk as 94% of all financial instruments are denominated in Canadian dollars.

(c) Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The interest rates and terms of cash, short-term investments, and investments are as disclosed in Note 4.

(d) Liquidity Risk

Liquidity risk is the risk that The Foundation will not be able to meet its obligations as they fall due. The Foundation maintains adequate levels of working capital to ensure all its obligations can be met when they fall due. Investments are also held in securities that can be liquidated within a few days notice.

(e) Capital Risk

The Foundation considers its capital to be its net assets. The Foundation's objectives when managing its capital are to safeguard its ability to continue as a going concern so it can continue to provide education to its members at varying levels as well as supporting the Legal Services Society while maintaining its tax exempt status under the Canadian Income Tax Act. Annual budgets are developed and monitored to ensure the organization's capital is maintained at an appropriate level.

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